

A

Flynn/Henry/Johnson Reply Affidavit – Attachment A

**REDACTED FOR
PUBLIC INSPECTION**

B

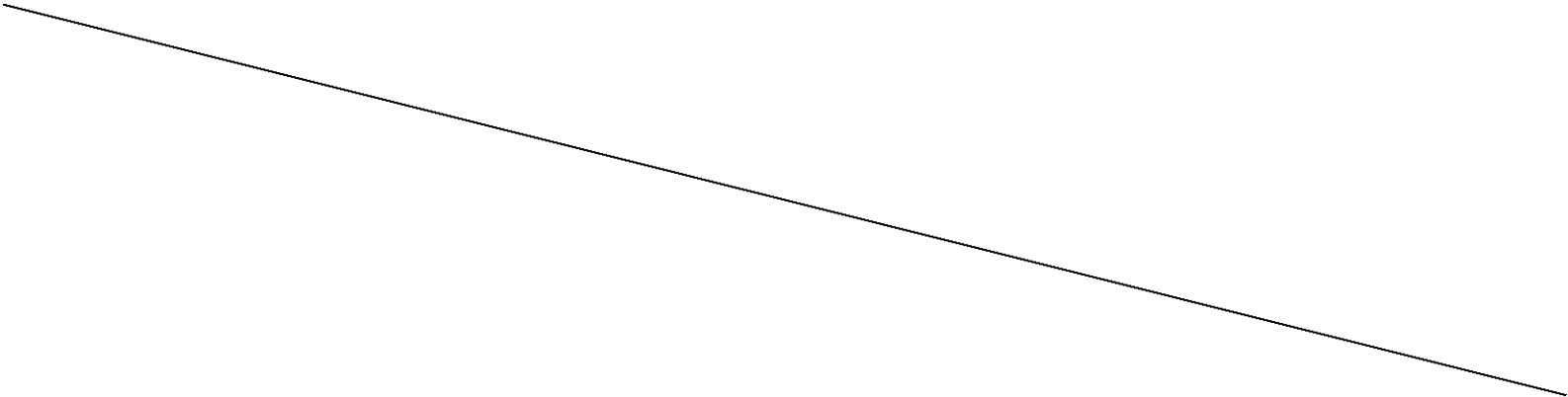
Flynn/Henry/Johnson Reply Affidavit – Attachment B

**REDACTED FOR
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C

Flynn/Henry/Johnson Reply Affidavit – Attachment C

**REDACTED FOR
PUBLIC INSPECTION**



D

Flynn/Henry/Johnson Reply Affidavit – Attachment D

**REDACTED FOR
PUBLIC INSPECTION**

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. **20554**

In the Matter of)	
)	
Application by SBC Communications Inc.,)	
Pacific Bell Telephone Company, and)	WC Docket No. 02-306
southwestern Bell Communications Services,)	
Inc. for Provision of In-Region, InterLATA)	
Services in California)	

AFFIDAVIT OF MICHAEL PAUL GRASSO

REGARDING COMPETITION AMONG BROADBAND INTERNET SERVICE
PROVIDERS

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Schedule of Attachments

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| Attachment A | Competitive Offers in the Marketplace as of October 22, 2002 |
| Attachment B | Premium Services Offered through SBC Yahoo! |
| Attachment C | Premium Services Offered by other Broadband Providers |

I, Michael Paul Grasso, of lawful age, being duly sworn, depose and state:

PROFESSIONAL EXPERIENCE AND EDUCATIONAL BACKGROUND

1. My name is Michael Paul Grasso.
2. I obtained a Bachelor of Arts degree in Computer Science and Applied Statistics in 1992 from St. Mary's University in San Antonio, Texas, and a Master of Science degree in Telecommunications Management from Washington University in St. Louis, Missouri, in 1995. I ~~am~~ currently employed with SBC Operations, Inc., as Executive Director Consumer Internet Marketing. I have been employed with SBC in various capacities since 1992. Currently, my job duties include managing consumer Internet products, including marketing communications, promotions, and sales channel coordination for SBC Internet Services ("SBCIS").

EXECUTIVE SUMMARY

3. The purpose of my affidavit is to address the comments raised by DirecTV and PacWest Telecomm, Inc., RCN Telecom Services, Inc., and U.S. Telepacific Corp. I will demonstrate that SBCIS' promotional pricing is consistent with competitors' offers throughout the broadband industry.

SBCIS'S PROMOTIONAL PRICING

4. As of September 13, 2002, SBCIS began offering SBC Yahoo! DSL Basic and SBC Yahoo! DSL Standard packages¹ for \$29.95 per month for the first six months, and then

¹ SBC Yahoo! DSL Basic product provides ~~an~~ upstream bit rate of up to **384** Kbps and a downstream bit rate of 128 Kbps; **SBC** Yahoo! DSL Standard product provides a downstream bit rate of **384** Kbps to **1.5 Mbps**, and ~~an~~ upstream bit rate of 128 Kbps.

either \$42.95 or \$49.95 per month for the remainder of the twelve-month term, depending on which package the customer has purchased. SBCIS also has a promotion for \$29.95 per month for twelve months for SBC Yahoo! DSL Basic and SBC Yahoo! Standard packages for customers who also purchase a package of services from an SBC incumbent local exchange carrier (“ILEC”), who add the EchoStar satellite television service, or who return to an SBC ILEC as a customer.

COMPETITORS’ OFFERS

5. The competitive market for broadband Internet access services dictates SBCIS’ retail prices. California is a competitively intense marketplace for broadband Internet access service as has been demonstrated over the past few years by the promotions offered by broadband providers in the California market. Examples of this include Cox Communications in San Diego offering customers fixed monthly rates as low as \$24.95 per month for up to a 3Mbps downstream connection with a 30 day money-back guarantee. AT&T Broadband currently promotes its high speed broadband Internet service in the Bay area, in addition to other offers, for six months at \$29.95 **per** month with Free Premium Installation, and then \$42.95 per month. Covad Communications offers broadband Internet as “DSL FOR THE PRICE OF DIAL,” for \$21.95/mo. for the first four months, then \$39.95 or \$49.95 per month thereafter, depending upon which offer the customer has chosen. DirecTV Broadband offers DSL Internet at \$19.99 per month for the first three months, and then \$49.99 per month for the remainder of the annual contract. Screen captures of the promotions in the market as of October 22, 2002,

as provided by each of these companies' respective websites, are appended hereto as Attachment A.

COMPETITORS' MARKET SHARE

6. SBC market share studies performed by Empirical Research Solutions, Inc., also reflect that California's broadband Internet access market is extremely competitive. Cable has captured a significant portion of the broadband Internet access market in California.

FUTURE MARKET OPPORTUNITIES

7. Like in the case of ~~the~~ basic telephony marketplace where vertical features, such as Caller ID, Call Waiting, and 3 Way Calling, provide additional sources of revenue, broadband Internet access is viewed as the basic platform for communications, entertainment, and other premium services. Broadband service providers can utilize their underlying broadband Internet access service to grow revenues with web-based applications and premium services. Once a broadband provider wins the customer, it has the opportunity to ~~earn~~ additional revenues from the sale of applications and premium services. For example, SBC Yahoo! currently offers on-line gaming, on-line storage, Web hosting, finance services, research products, auctions, classifieds, and personals. Examples of prices on these products are \$3.95 for three days of gaming to \$19.95 for a monthly subscription to Yahoo! personals. Examples of products offered through SBC Yahoo! services ~~are~~ appended hereto as Attachment B. Examples of premium products offered through other broadband service providers are appended hereto as Attachment C.

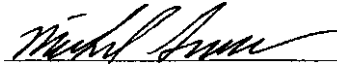
CONCLUSION

8. Pursuant to ~~Part~~ II. E. of the Consent Decree entered into between SBC Communications Inc. and the Federal Communications Commission, released on May 28, 2002, see Order, SBC Communications, Inc., 17FCC Rcd 10780(2002), I hereby affirm that I have (1) received the training SBC is obligated to provide to all SBC FCC Representatives; (2) reviewed and understand the SBC Compliance Guidelines; (3) signed an acknowledgment of my training and review and understanding of the Guidelines; and (4) complied with the requirements of the SBC Compliance Guidelines.
9. This concludes my affidavit.

STATE OF CALIFORNIA)
)
COUNTY OF SAN FRANCISCO)

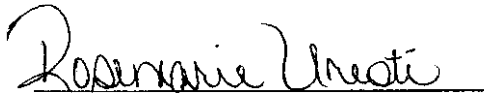
I declare under penalty of perjury that the foregoing is true and correct

Executed on October 29th, 2002.



Name : **Michael Grasso**

Subscribed and sworn to before me this 29th day of October, 2002.



Notary Public

